Non-plan expenditure

375. SHRIMATI SYEDA ANWARA TAIMUR:
SHRI VIJAY JAWAHARLAL DARDA:

Will the Minister of FINANCE be pleased to state:

(a) what is the actual status of the non-plan expenditure of Government for the 1st and 2nd quarter of 2008-09;

(b) whether all the Ministries have given the requisite information in terms of guidelines issued by the Cabinet Secretariat on 12 June, 2008 to tighten up the austerity measures;

(c) whether during 2007-08, non-plan expenditure overshot the allocated funds; and

(d) if so, whether any diversions were made from plan expenditure to meet non-plan liabilities during 2007-08?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (d) The information is being collected and will be laid on the Table of the House.

Impact of US financial crisis on Indian banks

376. SHRI MAHENDRA MOHAN: Will the Minister of FINANCE be pleased to state:

(a) how far Public Sector Banks are capitalized and regulated in our country and how far US financial crisis has impacted these banks;

(b) if so, the details thereof;

(c) whether Government is going to provide additional capital to these banks; and

(d) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) and (b) The Indian public sector banks are adequately capitalised. As on 31.03.2008, the Capital to Risk Weighted Assets Ratio (CRAR) of the public sector banks was in the range of 10% -15% against the minimum regulatory requirement of 9%. The average CRAR of these banks stood at 12.3% as on 31.03.2008.

Against the backdrop of the sub-prime crisis in USA and with the objective of monitoring its impact on Indian banks and their overseas subsidiaries on a continuous basis, Reserve Bank of India (RBI) has placed a separate mechanism for reporting, on a monthly basis, the exposure of Indian banks via their overseas operations and subsidiaries towards credit derivatives and other investments, and the related Marked-to-Market (MTM) losses. Securities and Exchange Board of India (SEBI) is also continuously reviewing the situation in consultation with the stock exchanges and the depositories. RBI - SEBI Technical Committee is closely monitoring the developments in the global financial markets and its impact on the Indian markets.

In the light of recent developments relating to failure of some large financial institutions in the USA and Europe representing investment banking, insurance and commercial banking segments, RBI has undertaken an assessment of the exposure of major Indian banks to these entities as on September 30, 2008. The exposures mainly consisted of investments in Floating Rate Notes, Nostro balances, bank guarantees, forex exposures, etc. The banks have made an aggregate provision of USD 47.3 million on these exposures. The banks' exposure to Lehman Brothers is USD 336 million.

(c) and (d) The Public sector banks may raise capital through various channels such as dilution of equity, issue of preference shares, issue of permissible instruments i.e. Innovative Debt Instruments, Subordinated Debt Instrument, etc., plough back of profit provision for standard assets, etc. The proposals of public sector banks for raising additional capital are considered by the Government on the merits of each case.

Opening of duty-free shops

377. SHRI ABDUL WAHAB PEEVEE: Will the Minister of FINANCE be pleased

to state:

(a) whether it is a fact that Government had revised the procedure for allotment of duty free shops at various airports in the country;

(b) if so, the details thereof;

(c) whether it is also a fact that Government had recently opened a duty free shop at the arrival lounge at Wagah Border on contract basis; and

(d) if so, what was the procedure prescribed and followed in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) No Sir. The practice/ procedure for licensing of Duty Free Shops by Customs at the airports in the country has not been revised in the recent past.

(b) Not applicable in view of (a) above.

(c) Yes Sir. A Private Warehouse license under Section 58 of the Customs Act, 1962 has been granted to M/s Flemingo DFS Private Limited for opening a Duty Free shop at Wagah Border (Land Customs Station-Attari Road).

(d) The Duty Free Shops are licensed as Private Warehouse under Section 58 of the Customs Act, 1962. The approval for opening of Duty Free Shop at Wagah Border was given after getting the necessary approval from Foreign Investment Promotion Board (FIPB) and after furnishing of requisite bond with security as per prevalent instructions/ guidelines.

FDI in Insurance Sector

378. SHRI ABDUL WAHAB PEEVEE: Will the Minister of FINANCE be pleased to state:

(a) whether it is a fact that Group of Ministers (GoM) had cleared the Insurance Laws (Amendment) Bill, 2006 for raising FDI in Insurance Sector upto 49 per cent; and